

“Ordinary people believe only in the possible. Extraordinary people visualize not what is possible or probable, but rather what is impossible. And by visualizing the impossible, they begin to see it as possible”

REVIEWED RESULTS: The attached results in Thai Baht, reviewed by Ernst & Young, as well as US Dollars, certified by Ferrier Hodgson, show you the latest financial position of the Company. The earnings per day per ship during Q3 increased to USD 5,833 finally exceeding the number per our restructure projections for 2002 of USD 5,771. As a comparison, the earnings per day per ship during 2001 averaged USD 5,855, with Q4 being the low point at USD 5,254. The daily operating expenses for Q3 was USD 2,624 per day per ship marginally exceeding our projection of USD 2,590. This increase in costs has reduced the bottom line by about USD 0.089 million. The attached results have been distorted by one-time charges made that include USD 0.263 million from sale of assets undertaken as part of our restructure agreement. The results have been further distorted by guarantee obligation and provisions of about USD 1.456 million related to the non-core investments that have to be divested as part of the restructure plan. We expect this to be the last of the provisions from the sale of non-core investments arising out of our restructure. The bottom line has been enhanced by an unrealised exchange gain, due to the weakening of the Thai Baht, of USD 2.459 million. Ignoring these one-time charges, including the unplanned increase in daily operating expenses and extraordinary gains made during the quarter, the net operating profit for Q3 was USD 1.104 million with a consolidated EBITDA of USD 6.79 million.

PROSPECTS over the next 12 months look reasonable but with the usual provisos. The low point in daily earnings on our ships of USD 5,254 was reached in Q4, 2001 with an upturn in Q1 to USD 5,528 and a correction to USD 5,497 in Q2, 2002. We expect that we have turned the low point in the current freight cycle and that we may experience similar or better rates in Q4 as in Q3 where after we should see similar numbers in 2003 and beyond. This prospect is based on 4 assumptions: that the US economy continues to expand; that oil prices do not spike up and stay above USD 30 per barrel for any appreciable length of time; that a war between the US and Iraq does not take place, or if it does, that it is extremely short lived; and that there is no other terrorist incident of the magnitude of September 11.

There was further **FLEET DISPOSAL** during Q3 with one more ship being disposed and the total fleet strength dropped to 28 ships. As we do not plan to sell any more ships we would see the year through with this fleet strength of 28 ships intact.

SHIP SCRAPPING continued with 61 ships being scrapped while 16 ships were delivered during Q3 in our sector (10 to 30,000 DWT) worldwide. This resulted in shrinkage of 45 ships or 1.40% in the world fleet in our sector for the quarter. We hope that the scrapping rates remain at this healthy level as it would help redress the balance between supply and demand.

Sincerely,



Khalid Hashim